

MASSACHUSETTS

Public Employee Retirement Administration Commission

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M E M O R A N D U M

TO: All Retirement Boards

FROM: Joseph E. Connarton, Executive Director

RE: COLA Notice

DATE: March 8, 2000

The Public Employee Retirement Administration Commission (PERAC) is providing this notice regarding the COLA Report required by Chapter 17, Section 8 (c) of the Acts of 1997. Although this memo is being distributed to all boards, please keep in mind that a COLA may be granted only in those systems that have accepted Chapter 17 and established a funding schedule to address costs.

Under the statute, PERAC reports to the General Court the computation of the increase in the United States Consumer Price Index in the previous year by the Commissioner of Social Security. Any such increase is based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). This index is used annually to adjust benefits paid to Social Security retirees and beneficiaries.

The Social Security Administration has announced that the latest Cost of Living Adjustment (COLA) is 2.4%.

The COLA that any such system may grant in Fiscal Year 2000 will thus be 2.4% pursuant to Chapter 32, Section 103 (c). Pursuant to Section 51 of Chapter 127 of the Acts of 1999, a retirement board may elect to increase this percentage up to 3.0%.

Each Retirement Board making a decision whether or not to grant a COLA must notify the Commission of that decision within 30 days.